



# Kentucky Tax Alert



A KRC PUBLICATION FOR THE TAX PROFESSIONAL

January 2000 • Vol. 19, No. 1

## Mike Haydon Named KRC Secretary

On Monday, Dec. 13, 1999, Mike Haydon was named KRC Secretary. Haydon, formerly KRC deputy secretary, replaces Sarah Jane "Susie" Schaaf. Schaaf moved to the Families and Children Cabinet to accept the position of executive director of Performance Enhancement. Her duties will include quality assurance, contract management, and program monitoring. Schaaf, a Louisville resident, had been KRC Secretary since February 1998.

Haydon had served as KRC deputy secretary since January 1999 and has worked in Kentucky government since 1975. He was commissioner of the Department of Property Valuation from April 1996 through January 1999, when he came to KRC from a position as assistant state treasurer. His nearly 25-year service in state government includes a 17-month stint as KRC deputy secretary from August 1990 through December 1991. He is a graduate of Western Kentucky University and lives in Springfield.

"We appreciate the contributions Susie Schaaf has made as Revenue Cabinet Secretary, and know that her abilities will be extremely valuable as she tackles the challenges in her role with the Families and Children Cabinet. We're fortunate that Mike Haydon is experienced in the Revenue Cabinet and able to step in immediately for a smooth transition," said Governor Paul Patton.

Haydon was sworn in as KRC Secretary on Tuesday, Dec. 14, at the Capitol.



## Use of Photocopied 1999 Individual Income Tax Forms Discouraged

Kentucky's 1999 individual income tax forms have been redesigned to work with new scanning and imaging equipment which will speed up processing of returns.

It is vital that tax preparers use **only** scannable forms provided by the Kentucky Revenue Cabinet, or produced by approved computer software packages. Data must be placed in specific areas of the return to be read correctly by the new equipment. Use of photocopies or fax copies may delay processing and, in turn, delay refunds.

Scannable forms are those with a Form ID and reference mark in the lower left corner of the form. KRC is working with developers of tax preparation software to ensure that returns generated by this software can be processed. A list of approved software vendors will be posted on KRC's Online Taxpayer Service Center (TSC) at <http://www.state.ky.us/agencies/revenue>.

Approved forms may be obtained:

- from KRC, by using Form 40A727, Kentucky Income Tax Forms Requisition, to order scannable forms at no charge;
- from KRC, by calling (502) 564-3658, or writing to Forms, Revenue Cabinet, Frankfort, KY 40620;
- by downloading from KRC's Online TSC, <http://www.state.ky.us/agencies/revenue>;
- from KRC's 11 TSCs located across the state; and
- from most libraries and some post offices, which also have forms available.

The new scanning and imaging equipment is part of KRC's **EMPOWER** Kentucky initiative to improve tax processing efficiency. Faster and more efficient processing of tax returns benefits everyone.

### TABLE OF CONTENTS

Mike Haydon Named KRC Secretary .....	1	Tips for Filing 1999 Individual Income Tax Returns .....	4
Use of Photocopied 1999 Individual Income Tax Forms Discouraged ....	1	Federal Income Tax Refunds May Be Subject to Offset Against State Income Tax Debts .....	5
KRC Offers Electronic Filing of 1999 Individual Income Tax Returns .....	2	KRC Tax Forms Available From <i>TaxFax</i> , Internet .....	5
Tips for Entering Data on New Scannable Forms .....	2	KRC to Again Allow Submission of Employer Information Via FTP .....	5
KRC Expands Vendor Offset Program .....	2	2000 Tax Interest Rate Set .....	5
Kentucky Use Tax on Internet and Catalog Sales Can be Reported on Income Tax Forms .....	3	Tax Calendar for 2000 .....	6,7,8
KRC Offers Telephone Filing of Individual Income Tax Returns .....	3	1999 Federal/Kentucky Individual Income Tax Differences .....	9
New Corporation License Tax Regulation Approved .....	3	Court Case Updates .....	10
Homestead Exemption Remains \$25,400 .....	3	Taxpayers Reminded to File Property Tax Returns .....	10
Income Tax Assistance Available at KRC's Taxpayer Service Centers ....	4	1999 <b>Kentucky Tax Alert</b> Index—Volume 18 .....	11
		KRC, IRS Plan Joint Saturday Taxpayer Assistance Day in Louisville .....	12

## KRC Offers Electronic Filing of 1999 Individual Income Tax Returns

In cooperation with the Internal Revenue Service (IRS), KRC offers statewide electronic filing of 1999 individual income tax returns. This is the sixth year KRC has offered statewide electronic filing.

Electronic filing offers a faster turnaround for refunds as opposed to paper returns mailed to KRC and processed manually. With electronic filing, refund checks arrive in taxpayers' mailboxes in an average of two to three weeks. Taxpayers choosing the direct deposit option receive their refunds within 10 to 12 days.

Electronic filing for Kentucky returns is available to all interested parties who have been accepted in the federal electronic filing program and transmit returns to the IRS Cincinnati Service Center. To participate, applicants should submit Form 8633, Application to Participate in the Electronic Filing Program, to the IRS. No application form is necessary for KRC. The first day KRC will accept electronically filed returns is Jan. 14, 2000.

KRC offers direct deposit of refunds into taxpayers' accounts at banks or other financial institutions. Taxpayers may select direct deposit for Kentucky refunds whether or not they choose this option for their federal refunds. They may also choose separate accounts for direct deposit of federal and Kentucky refunds.

The approval process for Kentucky electronic filing software packages for 1999 began in November and continues. As software packages are approved, KRC provides a certification letter to developers. KRC suggests that software companies send copies of the acceptance letter to preparers. Preparers who have questions on approved software should call KRC's Electronic Filing Help Desk at (502) 564-5370.

Taxpayers who file their Kentucky returns electronically must complete and sign Form 8453-K, Individual Income Tax Declaration for Electronic Filing. Attach Form W-2/K-2, Wage and Tax Statement, and all supporting schedules to Form

8453-K. New for the 2000 filing season, preparers can select the frequency with which they mail completed Forms 8453-K to KRC. Each electronic return originator (ERO) will receive an 8453-K Mailing Election Form which should be completed and returned to KRC. This form allows EROs the option of electing to mail completed Forms 8453-K either after electronic return acknowledgment is received from KRC, monthly, quarterly, or at the end of the filing season. EROs

will mail Forms 8453-K to KRC based on their mailing election. Mail Form 8453-K, with all necessary attachments, to Kentucky Revenue Cabinet, P.O. Box 518, Frankfort, KY 40602-0518.

For balance due returns, taxpayers must complete Form 740-V, Kentucky Electronic Payment Voucher. Submit this form, along with the payment, to KRC postmarked on or before April 17, 2000. The amount paid is the amount due on the electronically filed return.

Taxpayers should keep copies of their returns, Form 8453-K, and Form W-2/K-2. Copies of these forms must be retained by the preparer or transmitter for at least one year.

An electronic return is still considered outstanding until all follow-up documentation is completed and received by KRC. For the 1999 tax year, preparers with clients having outstanding documentation may be suspended from participation in the electronic filing program. Preparers with questions about their participation status should contact the Electronic Filing Help Desk at (502) 564-5370.

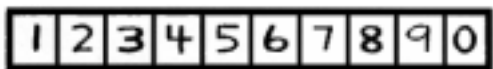
To obtain a copy of the Kentucky Handbook for Electronic Filers of Individual Income Tax Returns, or for more information about the electronic filing program, including questions about approved software or participation status, contact KRC's Electronic Commerce Group at (502) 564-5370. The handbook is also available on KRC's Web site at <http://www.state.ky.us/agencies/revenue>.



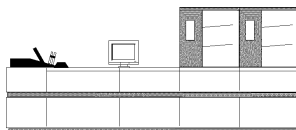
## Tips for Entering Data on New Scannable Forms

To ensure accuracy in scanning data on KRC's new withholding and sales and use tax returns, the following guidelines should be followed:

- Do not draw a line through a data entry area or an individual box for which no entry is required. If no entry is required on a line, it should be left blank.
- Do not put slashes through the numerals zero (0) or seven (7). Also do not enter an amount of zero (0) as "-0-". Numbers should be written like this:



- Taxpayers should also be aware that the Form ID in the bottom left corner is used to identify the form type, not the taxpayer. Taxpayer identification information is included in other areas of the form.
- File only original forms or approved substitute forms. Do NOT file photocopied forms. Use of photocopies or fax copies may delay processing.



## KRC Expands Vendor Offset Program

KRC electronically matches its accounts receivable against payments issued through the Finance and Administration Cabinet's Management Administrative and Reporting System (MARS) on a nightly basis. This process identifies payments earmarked for businesses and individuals who are indebted to the commonwealth.

The Finance and Administration Cabinet issues a letter to notify the debtor that a legal notice of claim has been filed against any funds they are due from the commonwealth. KRC is identified in the notification letter, and recipients are provided a telephone number, (502) 564-4921, ext. 5357, for contacting KRC. The letter simply provides notification that a claim for offset has been filed, and does not necessarily mean that money has been offset. This letter is intended to inform the debtor that any funds they may be due are subject to offset as long as they have a debt to the state.

When payments are processed through MARS, the amount of the payment is weighed against the amount of the outstanding debt. If the payment is less than the liability amount, all of the payment is offset. If the payment amount is more than the liability amount, only the amount required to pay the liability is offset. Residual amounts may be subject to offset by other agencies, if any additional agencies have a claim against the debtor. Any remaining funds are then forwarded to the debtor. When all liability to the state has been resolved, the claim for offset is withdrawn.

For more information on the Vendor Offset Program, contact KRC's Division of Collections at (502) 564-4921.

## Kentucky Use Tax on Internet and Catalog Sales Can be Reported on Income Tax Forms

If retail predictions for the 1999 Christmas shopping season prove to be correct, the use tax line on 1999 Kentucky individual income tax returns should be more frequently used by Kentucky taxpayers. For 1999, analysts predicted a 6 percent increase over the \$170 billion in sales for the 1998 holiday season. Last year, \$3 billion of these sales were made online via the Internet. Many anticipate that electronic commerce (e-commerce) sales will show at least a 50 percent increase to \$6 billion for the current season.



There is a widely held misconception that Kentucky use tax is a relatively new tax. It has existed since 1960 as a complement to the sales tax. When states first began imposing sales taxes, they soon realized that a corresponding use tax was necessary to protect in-state merchants from unfair competition from out-of-state sellers. The use tax is a 6 percent tax on purchases of tangible personal property from out-of-state retailers for storage, use or other consumption in Kentucky, on which Kentucky's 6 percent sales tax is not charged. This covers purchases made from catalogs, over the Internet, and in response to print or broadcast advertisements, in addition to items such as magazine subscriptions, purchases from music or video clubs, and other purchases on which no tax is paid. Without this backstop to the in-state sales tax, purchasers could avoid the 6 percent tax by purchasing from out-of-state catalog or Internet merchants, instead of local ones.

To make payment of this tax more convenient, KRC includes a line for reporting use tax obligations on Form 740 (line 23), Form 740-S (line 19), and Form 740-NP (line 19). Instructions for computing the amount of use tax due are included with the forms.

The popularity of catalog purchases and the phenomenal growth in e-commerce has made public understanding of use tax liability more important than ever. Many traditional merchants have developed their own Web sites to take advantage of the wave of retail trade that is anticipated from the Internet. Therefore, many Christmas e-shoppers will notice that the tax was computed for them, just as it is when they are physically buying items in the local store. However, other online merchants have elected not to charge sales tax to their customers because these merchants are not physically located in Kentucky and are not legally responsible for collecting the tax. When tax is not collected in such cases, Kentucky purchasers are responsible for calculating and reporting the 6 percent use tax themselves. The widely publicized federal moratorium on Internet taxation has no effect on Kentuckians' use tax liabilities on Internet purchases.

Taxpayers should review their records of online purchases and other purchases from out-of-state sellers to determine if they owe Kentucky use tax on these transactions. The rise in Internet technology provides consumers with unprecedented shopping opportunities, but it also places a greater burden upon taxpayers to maintain records and to calculate tax liabilities for themselves. There are efforts underway both at the federal level, and cooperatively among states, to provide a more efficient use tax collection system. However, for the present time, individual taxpayers should be alert to their personal use tax liabilities. Tax professionals should advise their clients accordingly.

For further information regarding the collection and payment of Kentucky use tax, please contact KRC's Sales and Use Tax Section at (502) 564-5170 or P.O. Box 181, Frankfort, KY 40602-0181.

## KRC Offers Telephone Filing of Individual Income Tax Returns

During the 2000 individual income tax filing season, KRC will again partner with the Internal Revenue Service (IRS) in a joint TeleFile project. TeleFile will be offered statewide and will provide the opportunity for many Kentuckians to file their 1999 federal and Kentucky individual income tax returns via telephone.

Taxpayers who file a federal TeleFile return and meet the guidelines to file a **Form 740-EZ** may file their Kentucky return using the Federal/State TeleFile System. Taxpayers using TeleFile to file their returns should call the toll-free number provided in the federal TeleFile tax packet. Both the federal and state returns must be completed in the same call. After the federal information is entered, the system prompts the user to continue and enter the Kentucky information if the taxpayer is eligible. Much of the data entered for the federal return is used for the Kentucky return. Once the information necessary to calculate Kentucky tax is entered, the amounts are read back for the taxpayer's records and a confirmation number is issued. The data collected during TeleFile calls to the IRS is downloaded to KRC computer systems for complete processing.

Kentucky TeleFile users should use Form 740-T to prepare their return for filing via telephone.

KRC's initial participation in the TeleFile program resulted in the number of filers quadrupling initial estimates. Nearly 41,000 Kentuckians filed their 1998 returns by phone in 1999, more than four times the predicted estimate of 10,000 taxpayers.



## New Corporation License Tax Regulation Approved

Regulation 103 KAR 20:020, which defines terms and explains the computation of capital employed, was approved by the Appropriations and Revenue Committee of the Kentucky General Assembly on Oct. 28, 1999. Therefore, the regulation is now final. The regulation is effective for returns filed for taxable periods beginning after Dec. 31, 1999.

To obtain copies of the regulation, contact KRC's Corporation Income and License Tax Section at (502) 564-8139. The regulation is also available online at <http://www.lrc.state.ky.us/KAR/103/020/020.htm>.

## Homestead Exemption Remains \$25,400

The Homestead Exemption for personal property taxes is \$25,400 for the 1999 tax year, and will remain at this amount for the 2000 tax year. The amount of the exemption is recalculated every two years to reflect inflation.

The homestead exemption was originally established under a constitutional amendment in 1971 and prescribed in KRS 132.810.

For the 1999 tax year, more than 320,000 elderly or disabled Kentuckians will realize millions of dollars in property tax savings through the Homestead Exemption.

To qualify for the Homestead Exemption, a person must be at least 65 years old during the tax period or be classified as totally disabled by any public or private retirement system.

Eligible property must also be owned, occupied, and maintained by the taxpayer as a personal residence on the January 1 assessment date. Any qualified person wishing to apply for a Homestead Exemption should contact the property valuation administrator in his or her county.

## Income Tax Assistance Available at KRC's Taxpayer Service Centers

Taxpayers who need assistance filing their 1999 Kentucky individual income tax returns may receive help during special *filing days* at KRC taxpayer service centers (TSCs) statewide. This annual program has offered assistance to Kentucky taxpayers for more than 40 years.

Before obtaining assistance from KRC, **taxpayers must bring completed copies of their 1999 federal income tax return and supporting federal schedules.** KRC staff cannot provide assistance in completing federal income tax forms.

TSCs will provide help to taxpayers on the following weekdays between 8:30 a.m. and 4 p.m. local time:

### Monday and Friday

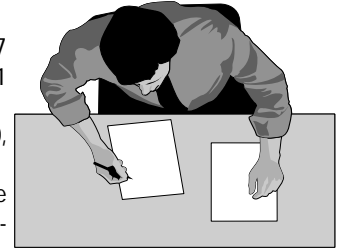
Bowling Green, 1502 Westen St., (270) 746-7470  
Louisville, 620 South Third St., Suite 102, (502) 595-4512

### Monday and Tuesday

Ashland, 134 16th St., (606) 920-2037  
Corbin, Falls Road Plaza, 1707 18th St., Suite 5, (606) 528-3322  
Paducah, 555 Jefferson St., Suites 302/306, (270) 575-7148  
Pikeville, Uniplex Center, 126 Trivette Drive, Suite 203, (606) 433-7675

### Tuesday and Thursday

Hazard, 233 Birch St., (606) 435-6017  
Hopkinsville, 105 Hammond Plaza, 4011 Ft. Campbell Blvd., (270) 889-6521  
Lexington, 301 East Main St., Suite 500, (606) 246-2165  
Northern Kentucky, Turfway Ridge Office Park, 7310 Turfway Road, Suite 190, Florence, (606) 371-9049  
Owensboro, 401 Frederica St., Building C, Suite 201, (270) 687-7301



Filing assistance is available in Frankfort Monday through Friday from 8:30 a.m. until 4 p.m. at the Individual Income Tax Branch, 200 Fair Oaks Lane, Second Floor.

Kentucky income tax forms can be ordered from the Support Services Branch, Kentucky Revenue Cabinet, 200 Fair Oaks Lane, Frankfort, KY 40620. Forms are also available at many banks, post offices, and libraries, through KRC's *TaxFax* by calling (502) 564-4459, or from KRC's Online TSC at <http://www.state.ky.us/agencies/revenue>. An order blank for bulk forms was published in the September 1999 issue of *Kentucky Tax Alert*.

## Tips for Filing 1999 Individual Income Tax Returns

Following the procedures listed below speeds the processing of 1999 Kentucky individual income tax returns.

- Do not file photocopied forms. Use only original forms or approved substitute forms.
- Do not alter wage and tax statements. If all copies of the wage and tax statement (Form K-2) are illegible, the taxpayer's employer must issue a corrected copy. Do not complete and file a return until all proper wage and tax statements are received. Do not substitute wage and tax statements unless repeated efforts to obtain a K-2 from the employer have failed.
- Use the adhesive mailing label attached to the income tax packet **only** if the name is correct. The label contains precoded information about the taxpayer. Taxpayers receiving labels with an incorrect name should not use these labels. Instead, print the correct information in the space provided on the return. Labels with only an incorrect address may be corrected and used. The labels enable KRC to verify receipt of the return and provide information to taxpayers using KRC's Automated Refund and Tax Information System (ARTIS), (502) 564-1600.
- Attach a complete copy of the federal return if the taxpayer received farm, business, rental, or capital gains income or loss.
- Taxpayers with differences in Kentucky and federal income must file Form 740 and report those differences on Schedule M, Kentucky-Federal Gross Income Modifications. Even if there is no difference in the amounts, entries must be made on lines 9 and 13 of Schedule M.
- Attach schedules showing any Kentucky net operating loss claimed.
- Married taxpayers filing separate returns must enter their spouse's complete name and Social Security number (SSN) on page 1 of the return.
- If a Form 2210-K is attached to the return, check the appropriate box on the return.
- Assemble the tax return properly. Staple returns only once in the upper left-hand corner. Place wage and tax statements horizontally in the center of the return and staple twice in the left margin of page 1 only. Make checks payable to the Kentucky State Treasurer, place on top of the wage and tax statement, and staple once in the left margin of page one only.
- Check the block above the signature line to choose either a complete forms package, or a preprinted label postcard, for 2000 tax returns.
- Enter the telephone number where the taxpayer can be reached weekdays between 8 a.m. and 4:30 p.m. in the appropriate place on Forms 740 and 740-S.
- Check all names, addresses, and SSNs for accuracy on wage and tax statements, returns, and schedules.
- Review the individual income tax return for mathematical accuracy and legibility, sign the return, and attach the wage and tax statement (Form K-2) before sealing the envelope. Both husband and wife must sign if filing separately on the combined return or if filing jointly.
- Keep copies of all state and federal returns. Exact duplicates make correspondence easier should KRC request information about the filed return. Practitioners should provide duplicate copies of returns as a part of the service rendered to clients.
- Use the blue or yellow envelope included with the income tax packet to mail the return to KRC. Use the yellow envelope for returns with payments enclosed. Use the blue envelope to file refund returns. If using other envelopes or mailing returns in bulk quantities, send returns with payments to ZIP code 40619-0008 and other returns to ZIP code 40618-0006.
- File returns as soon as possible to avoid the last-minute April rush.
- Mail completed returns to KRC on a regular basis. If filing returns in bulk quantities, mail no less than weekly.

## Federal Income Tax Refunds May Be Subject to Offset Against State Income Tax Debts

Under the provisions of the Internal Revenue Service Restructuring and Reform Act of 1998, a federal income tax refund due a taxpayer who owes past-due, legally enforceable state income tax obligations may be reduced, or offset, by the amounts owed by the taxpayer. The funds offset from the taxpayers' federal income tax refunds are forwarded to the state that reported the state income tax obligation.



Effective Jan. 1, 2000, the Department of the Treasury will incorporate the procedures necessary to collect income tax obligations reported by states as part of the centralized offset program operated by the Financial Management Service (FMS), a bureau of the Department of the Treasury.

Kentucky is making the necessary preparations in order to participate in this Treasury Offset Program. The target date for implementation is February 2000. KRC's Division of Collections will administer the program.

KRC will issue notification to taxpayers, by certified mail, advising that their outstanding income tax liability may be submitted for federal income tax refund offset if it is not resolved within 60 days. If the taxpayer believes that all or a portion of their state income tax liability is not past due or is not legally enforceable, they may present evidence within 60 days from the notification to support their position. After reviewing the evidence, KRC will notify the taxpayer of its decision before any offset action is taken.

The FMS will send a notification letter to the taxpayer when an offset occurs. The notification letter advises the taxpayer of the offset and will provide a phone number for the taxpayer to contact the Division of Collections.

## KRC Tax Forms Available From *TaxFax*, Internet

The 1999 Kentucky individual income tax forms are available from *TaxFax*, KRC's fax-on-demand system, and from KRC's World Wide Web site.

*TaxFax* allows callers with touch-tone telephones and fax machines to receive KRC tax forms immediately. Callers without fax machines may use this service to request forms to be mailed.



To use *TaxFax*, dial (502) 564-4459 from any touch-tone phone. The call does not need to be made from the fax machine which will receive the forms. An automated attendant guides callers through the available options, including obtaining a current catalog of available forms with corresponding document numbers. Up to three documents may be ordered per call.

After selecting the documents, callers enter the fax number to which the forms are sent. Next, callers enter a telephone extension number to designate who receives the faxed forms. *TaxFax* then sends the requested documents to the caller.

Practitioners needing large quantities of forms should order Form 40A727, Kentucky Income Tax Forms Requisition, via *TaxFax* and mail the completed form to KRC.

Forms are also available from KRC's Online Taxpayer Service Center, at <http://www.state.ky.us/agencies/revenue>. A link on that page directs users to the forms.

Forms are available as PDF files for all computer system formats which can use Adobe Portable Document Format files. Use of Adobe Acrobat Reader software is necessary to download, view, and print forms. This free software is available from Adobe's Web site at <http://www.adobe.com>. KRC's Web site also contains a link where users may obtain this software.

Taxpayers and preparers are reminded that Kentucky tax forms have been redesigned for use with KRC's new scanning and imaging system. It is vital that only forms provided by KRC, or produced by approved computer software

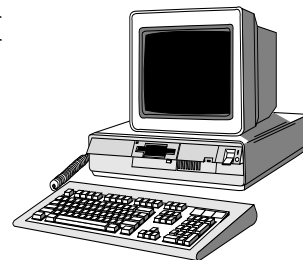
packages, be used. Data must be placed in specific areas of the return to be read correctly by the new equipment. Use of photocopies or fax copies may delay processing and, in turn, delay refunds.

## KRC to Again Allow Submission of Employer Information Via FTP

KRC is again offering File Transfer Protocol (FTP) as an alternative method of submitting the Report of Annual Employee Wage and Tax Information for the 1999 tax year.

Regulation 103 KAR 18:050, Section 5, requires employers with 250 or more employees doing business in Kentucky to magnetically or electronically report annual wage and tax information.

Accordingly, most employers who currently submit information electronically to the U.S. Social Security Administration may also submit the appropriate information to KRC via FTP.



The underlying philosophy behind FTP is that the data already exists electronically. Therefore, it is logical to send this information securely via FTP rather than by putting the information on a magnetic cartridge or diskette, paying a third party deliverer, and waiting for acknowledgment of receipt.

KRC is optimistic about FTP because not only does it streamline processing of wage and tax information, but it offers an easier, more secure way for employers to meet the filing requirements.

KRC has developed software, which will be made available to employers at no cost, to provide the necessary FTP functionality. It is enveloped by an *install shield* application to make the installation easy. KRC will assign a personal identification number (PIN) and will clarify FTP procedures when an employer declares its intention to send annual wage and tax reports to KRC via FTP.

For more information on the FTP reporting method, contact Bradley Carroll, Kentucky Revenue Cabinet, 200 Fair Oaks Lane, Station 27, Frankfort, KY 40620; call (502) 564-6033, ext. 4800; fax (502) 564-9571; or E-mail [Brad.Carroll@mail.state.ky.us](mailto:Brad.Carroll@mail.state.ky.us). FTP specifications may also be downloaded from KRC's Online Taxpayer Center's publication area at <http://www.state.ky.us/agencies/revenue/publications.htm> under the heading Technical.

## 2000 Tax Interest Rate Set

The 1999 tax interest rate charged on unpaid and delinquent taxes has been set at 8 percent. Where applicable, the same rate is paid on refunds issued by KRC.

The rate, effective Jan. 1, 2000, is based on the prime interest rate charged by Kentucky banks during October 1999. A recent survey of Kentucky banks showed that the average prime interest rate in October was 8.25 percent, which was rounded to the nearest whole percent.

The Secretary of the Revenue Cabinet is required by law to set the tax interest rate by Nov. 15 for the year beginning Jan. 1.

For additional information, contact the Division of Tax Policy, (502) 564-6843.



T  
A  
X  
  
C  
A  
L  
E  
N  
D  
A  
R  
  
2  
0  
0  
0

**NOTE:** If a return due date falls on a scheduled holiday or weekend, returns will be due the next working day.

<b>January</b>	18	Estimated Corporation Income Tax/One Half Est. (FY ending 7/31)
	18	Estimated Corporation Income Tax/One Fourth Est. (FY ending 1/31)
	18	Estimated Corporation Income Tax/One Fourth Est. (FY ending 4/30)
	18	Estimated Tax/Individuals/One Fourth Est.
	20	Coal Severance Tax Returns (December Payment)
	20	Oil Production Tax Returns (December Payment)
	20	Monthly Sales Tax Returns (December Payment)
	20	Quarterly Sales Tax Returns
	20	Annual Sales Tax Returns
	20	Health Care Provider Tax Returns (December Payment)
	25	Monthly Motor Fuels Tax Returns (December Payment)
	25	Monthly Sales Tax Returns (Accelerated Payment)
<b>February</b>	1	Income Tax Withholding Returns/Electronic Funds Transfer (EFT) Filers/Annual Reconciliation
	1	Minerals and Gas Severance Tax Returns (December Payment)
	1	Monthly Income Tax Withholding Returns (December Payment and K-2s)
	1	Quarterly Income Tax Withholding Returns (Quarterly Payment and K-2s)
	1	Annual Income Tax Withholding Returns (Annual Payment and K-2s)
	1	Annual Report of Distilled Spirits in Bonded Warehouses (as of 1/1/00)
	10	Twice-Monthly Income Tax Withholding Returns (January 1 - January 31 Payment/EFT Payment)
	15	Estimated Corporation Income Tax/One Half Est. (FY ending 8/31)
	15	Estimated Corporation Income Tax/One Fourth Est. (FY ending 2/28)
	15	Estimated Corporation Income Tax/One Fourth Est. (FY ending 5/31)
	15	Monthly Income Tax Withholding Returns (January Payment)
	21	Coal Severance Tax Returns (January Payment)
	21	Oil Production Tax Returns (January Payment)
	21	Monthly Sales Tax Returns (January Payment)
	21	Health Care Provider Tax Returns (January Payment)
	25	Twice-Monthly Income Tax Withholding Returns (February 1 - February 15 Payment/EFT Payment)
	25	Monthly Motor Fuels Tax Returns (January Payment)
	25	Monthly Sales Tax Return (Accelerated Payment)
<b>March</b>	1	Minerals and Gas Severance Tax Returns (January Payment)
	1	Watercraft Property Tax Return (as of 12/31/99)
	10	Twice-Monthly Income Tax Withholding Returns (February 16 - February 28 Payment/EFT Payment)
	15	Estimated Corporation Income Tax/One Half Est. (FY ending 9/30)
	15	Estimated Corporation Income Tax/One Fourth Est. (FY ending 3/31)
	15	Estimated Corporation Income Tax/One Fourth Est. (FY ending 6/30)
	15	Monthly Income Tax Withholding Returns (February Payment)
	15	Bank Franchise Tax Returns
	20	Coal Severance Tax Returns (February Payment)
	20	Oil Production Tax Returns (February Payment)
	20	Monthly Sales Tax Returns (February Payment)
	20	Health Care Provider Tax Returns (February Payment)
	27	Twice-Monthly Income Tax Withholding Returns (March 1 - March 15 Payment/EFT Payment)
	27	Monthly Motor Fuels Tax Returns (February Payment)
	27	Monthly Sales Tax Returns (Accelerated Payment)
	31	Minerals and Gas Severance Tax Returns (February Payment)
	31	Electric Plant Board Property Tax Returns (as of 12/31/99)
<b>April</b>	10	Twice-Monthly Income Tax Withholding Returns (March 16 - March 31 Payment/EFT Payment)
	17	Estimated Corporation Income Tax/One Half Est. (FY ending 10/31)
	17	Estimated Corporation Income Tax/One Fourth Est. (FY ending 4/30)
	17	Estimated Corporation Income Tax/One Fourth Est. (FY ending 7/31)
	17	Monthly Income Tax Withholding Returns (March Payment)
	17	Quarterly Estimated Tax Returns/Individuals (One Fourth Payment)
	17	Annual Individual Income Tax Returns
	20	Monthly Sales Tax Returns (March Payment)
	20	Quarterly Sales Tax Returns
	20	Coal Severance Tax Returns (March Payment)
	20	Oil Production Tax Returns (March Payment)
	20	Health Care Provider Tax Returns (March Payment)
	25	Twice-Monthly Income Tax Withholding Returns (April 1 - April 15 Payment/EFT Payment)
	25	Monthly Motor Fuels Tax Returns (March Payment)
	25	Monthly Sales Tax Returns (Accelerated Payment)

J  
A  
N  
U  
A  
R  
Y  
  
\*  
\*  
\*  
  
A  
P  
R  
I  
L

# T A X C A L E N D A R 2 0 0 0

May	1	Income Tax Withholding Returns/Electronic Funds Transfer (EFT) Filers/First Quarter Reconciliation
	1	Quarterly Income Tax Withholding Returns
	1	Minerals and Gas Severance Tax Returns (March Payment)
	1	Public Service Company Property Tax Returns (as of 12/31/99)
	1	Railroad Car Line Property Tax Returns (as of 12/31/99)
	10	Twice-Monthly Income Tax Withholding Returns (April 16 - April 30 Payment/EFT Payment)
	15	Intangible Personal Property Tax Return (Taxpayer will be billed later)
	15	Tangible Personal Property Tax Return (Taxpayer will be billed later)
	15	Estimated Corporation Income Tax/One Half Est. (FY ending 11/30)
	15	Estimated Corporation Income Tax/One Fourth Est. (FY ending 5/31)
	15	Estimated Corporation Income Tax/One Fourth Est. (FY ending 8/31)
	15	Monthly Income Tax Withholding Returns (April Payment)
	22	Monthly Sales Tax Returns (April Payment)
	22	Coal Severance Tax Returns (April Payment)
	22	Oil Production Tax Returns (April Payment)
	22	Health Care Provider Tax Returns (April Payment)
	25	Twice-Monthly Income Tax Withholding Returns (May 1 - May 15 Payment/EFT Payment)
	25	Monthly Motor Fuels Tax Returns (April Payment)
	25	Monthly Sales Tax Returns (Accelerated Payment)
June	1	Minerals and Gas Severance Tax Returns (April Payment)
	12	Twice-Monthly Income Tax Withholding Returns (May 16 - May 31 Payment/EFT Payment)
	15	Estimated Corporation Income Tax/One Half Est. (FY ending 12/31)
	15	Estimated Corporation Income Tax/One Fourth Est. (FY ending 6/30)
	15	Estimated Corporation Income Tax/One Fourth Est. (FY ending 9/30)
	15	Estimated Tax/Individuals/One Fourth Est.
	15	Monthly Income Tax Withholding Returns (May Payment)
	20	Monthly Sales Tax Returns (May Payment)
	20	Coal Severance Tax Returns (May Payment)
	20	Oil Production Tax Returns (May Payment)
	20	Health Care Provider Tax Returns (May Payment)
	26	Twice-Monthly Income Tax Withholding Returns (June 1 - June 15 Payment/EFT Payment)
	26	Monthly Motor Fuels Tax Returns (May Payment)
	26	Monthly Sales Tax Returns (Accelerated Payment)
July	30	Minerals and Gas Severance Tax Returns (May Payment)
	30	Cigarette License Annual Renewal Applications and License Fee
	10	Twice-Monthly Income Tax Withholding Returns (June 16 - June 30 Payment/EFT Payment)
	17	Estimated Corporation Income Tax/One Half Est. (FY ending 1/31)
	17	Estimated Corporation Income Tax/One Fourth Est. (FY ending 7/31)
	17	Estimated Corporation Income Tax/One Fourth Est. (FY ending 10/31)
	17	Monthly Income Tax Withholding Returns (June Payment)
	20	Coal Severance Tax Returns (June Payment)
	20	Oil Production Tax Returns (June Payment)
	20	Monthly Sales Tax Returns (June Payment)
August	20	Quarterly Sales Tax Returns
	20	Health Care Provider Tax Returns (June Payment)
	25	Twice-Monthly Income Tax Withholding Returns (July 1 - July 15 Payment/EFT Payment)
	25	Monthly Motor Fuels Tax Returns (June Payment)
	25	Monthly Sales Tax Returns (Accelerated Payment)
	31	Income Tax Withholding Returns/Electronic Funds Transfer (EFT) Filers/Second Quarter Reconciliation
	31	Minerals and Gas Severance Tax Returns (June Payment)
	31	Quarterly Income Tax Withholding Returns
	10	Twice-Monthly Income Tax Withholding Returns (July 16 - July 31 Payment/EFT Payment)
	15	Estimated Corporation Income Tax/One Half Est. (FY ending 2/28)
	15	Estimated Corporation Income Tax/One Fourth Est. (FY ending 8/31)
	15	Estimated Corporation Income Tax/One Fourth Est. (FY ending 11/30)
	15	Monthly Income Tax Withholding Returns (July Payment)
	21	Coal Severance Tax Returns (July Payment)
	21	Oil Production Tax Returns (July Payment)
	21	Monthly Sales Tax Returns (July Payment)
	21	Health Care Provider Tax Returns (July Payment)
	25	Twice-Monthly Income Tax Withholding Returns (August 1 - August 15 Payment/EFT Payment)
	25	Monthly Motor Fuels Tax Returns (July Payment)
	25	Monthly Sales Tax Returns (Accelerated Payment)
	31	Minerals and Gas Severance Tax Returns (July Payment)

M  
A  
Y  
  
\*  
\*  
\*  
  
A  
U  
G  
U  
S  
T

# T A X C A L E N D A R 2 0 0 0

<b>September</b>	11	Twice-Monthly Income Tax Withholding Returns (August 16 - August 31 Payment/EFT Payment)
	15	Estimated Corporation Income Tax/One Half Est. (FY ending 3/31)
	15	Estimated Corporation Income Tax/One Fourth Est. (FY ending 9/30)
	15	Estimated Corporation Income Tax/One Fourth Est. (FY ending 12/31)
	15	Estimated Tax/Individuals/One Fourth Est.
	15	Monthly Income Tax Withholding Returns (August Payment)
	20	Coal Severance Tax Returns (August Payment)
	20	Oil Production Tax Returns (August Payment)
	20	Monthly Sales Tax Returns (August Payment)
	20	Health Care Provider Tax Returns (August Payment)
	25	Twice-Monthly Income Tax Withholding Returns (September 1 - September 15 Payment/EFT Payment)
	25	Monthly Motor Fuels Tax Returns (August Payment)
	25	Monthly Sales Tax Returns (Accelerated Payment)
<b>October</b>	2	Minerals and Gas Severance Tax Returns (August Payment)
	10	Twice-Monthly Income Tax Withholding Returns (September 16 - September 30 Payment/EFT Payment)
	16	Estimated Corporation Income Tax/One Half Est. (FY ending 4/30)
	16	Estimated Corporation Income Tax/One Fourth Est. (FY ending 1/31)
	16	Estimated Corporation Income Tax/One Fourth Est. (FY ending 10/31)
	16	Monthly Income Tax Withholding Returns (September Payment)
	20	Coal Severance Tax Returns (September Payment)
	20	Oil Production Tax Returns (September Payment)
	20	Monthly Sales Tax Returns (September Payment)
	20	Quarterly Sales Tax Returns
	20	Health Care Provider Tax Returns (September Payment)
	25	Twice-Monthly Income Tax Withholding Returns (October 1 - October 15 Payment/EFT Payment)
	25	Monthly Motor Fuels Tax Returns (September Payment)
	25	Monthly Sales Tax Returns (Accelerated Payment)
<b>November</b>	1	Income Tax Withholding Returns/Electronic Funds Transfer (EFT) Filers/Third Quarter Reconciliation
	1	Minerals and Gas Severance Tax Returns (September Payment)
	1	Quarterly Income Tax Withholding Returns
	10	Twice-Monthly Income Tax Withholding Returns (October 16 - October 31 Payment/EFT Payment)
	15	Estimated Corporation Income Tax/One Half Est. (FY ending 5/31)
	15	Estimated Corporation Income Tax/One Fourth Est. (FY ending 2/28)
	15	Estimated Corporation Income Tax/One Fourth Est. (FY ending 11/30)
	15	Monthly Income Tax Withholding Returns (October Payment)
	20	Coal Severance Tax Returns (October Payment)
	20	Oil Production Tax Returns (October Payment)
	20	Monthly Sales Tax Returns (October Payment)
	20	Health Care Provider Tax Returns (October Payment)
	27	Twice-Monthly Income Tax Withholding Returns (November 1 - November 15 Payment/EFT Payment)
	27	Monthly Motor Fuels Tax Returns (October Payment)
	27	Monthly Sales Tax Returns (Accelerated Payment)
	30	Minerals and Gas Severance Tax Returns (October Payment)
<b>December</b>	11	Twice-Monthly Income Tax Withholding Returns (November 15 - November 30 Payment/EFT Payment)
	15	Estimated Corporation Income Tax/One Half Est. (FY ending 6/30)
	15	Estimated Corporation Income Tax/One Fourth Est. (FY ending 3/31)
	15	Estimated Corporation Income Tax/One Fourth Est. (FY ending 12/31)
	15	Monthly Income Tax Withholding Returns (November Payment)
	20	Coal Severance Tax Returns (November Payment)
	20	Oil Production Tax Returns (November Payment)
	20	Monthly Sales Tax Returns (November Payment)
	20	Health Care Provider Tax Returns (November Payment)
	27	Twice-Monthly Income Tax Withholding Returns (December 1 - December 15 Payment/EFT Payment)
	27	Monthly Motor Fuels Tax Returns (November Payment)
	27	Monthly Sales Tax Returns (Accelerated Payment)
	31	Minerals and Gas Severance Tax Returns (November Payment)

S  
E  
P  
T  
E  
M  
B  
E  
R  
  
\*  
\*  
\*  
  
D  
E  
C  
E  
M  
B  
E  
R



## 1999 FEDERAL/KENTUCKY INDIVIDUAL INCOME TAX DIFFERENCES

*Kentucky income tax law is based on the federal income tax law in effect on December 31, 1997. The Revenue Cabinet generally follows the administrative regulations and rulings of the Internal Revenue Service in those areas where no specific Kentucky law exists.*

The chart below was prepared as a quick reference guide to the major federal/Kentucky differences. It is not intended to be all inclusive. Items not listed may be referred to the Revenue Cabinet to determine Kentucky tax treatment.

PROVISION	FEDERAL TAX TREATMENT	KENTUCKY TAX TREATMENT
1. Interest from Federal Obligations	Taxable	Exempt
2. Retirement Income from:		-----
Kentucky Teachers' Retirement System	Taxable	
Kentucky State Employees' Retirement System	"	
County Employees' Retirement System (Kentucky)	"	Partially exempt if retired
Kentucky State Police Retirement System	"	after December 31, 1997;
Kentucky Judicial Retirement Plan	"	exempt if retired before
Kentucky Legislators' Retirement Plan	"	January 1, 1998;
Kentucky State-Supported Institutions of Higher	"	Schedule P may be required
Education Retirement Plans (institution-sponsored)	"	
Kentucky Local Government Retirement Systems	"	
Federal and Military Retirement Systems	"	-----
3. Pensions and Annuities Starting After 7/1/86 and Before 1/1/90	3-year recovery rule eliminated	3-year recovery rule retained
4. Other Pension and Annuity Income	Taxable	100% excludable up to \$35,700; Schedule P may be required
5. Benefits from U.S. Railroad Retirement Board	May be taxable	Exempt; Schedule P may be required
6. Social Security Benefits	May be taxable	Exempt
7. Capital Gains on Sale of Kentucky Turnpike Bonds	Taxable	Exempt
8. Other States' Municipal Bond Interest Income	Exempt	Taxable
9. Kentucky Local Government Lease Interest Payments	Taxable	Exempt
10. Long-Term Care Insurance Premiums	Limited deduction as self-employed health insurance	100% adjustment to gross income
11. Medical and Dental Insurance Premiums	Limited deduction as self-employed health insurance	70% adjustment to gross income
12. Capital Gains on Property Taken by Eminent Domain	Taxable	Exempt
13. Election Workers—Income for Training or Working at Election Booths	Taxable	Exempt
14. Artistic Contributions	Noncash contribution allowed as itemized deduction	Appraised value allowed as itemized deduction or adjustment to income
15. State Income Taxes	Deductible	Nondeductible
16. Leasehold Interest—Charitable Contribution	May be deductible	Deductible; Schedule HH required
17. Kentucky Unemployment Tax Credit	No credit allowed	\$100 per certified employee; Schedule UTC required
18. Work Opportunity Credit (federal Form 5884)	Tax credit allowed; wage expense reduced by amount of credit	No credit allowed; entire wage expense is deductible
19. Welfare to Work Credit (federal Form 8861)	Tax credit allowed; wage expense reduced by amount of credit	No credit allowed; wage expense reduced by amount of federal credit
20. Child and Dependent Care Credit	Tax credit based on expenses	20% of federal credit
21. Low Income Credit	No credit allowed	Decreasing tax credit allowed
22. Recycling and/or Composting Equipment Tax Credit	No credit allowed	Tax credit allowed; Schedule RC or RC(K-1) required
23. Taxpayer who may be Claimed as Dependent on Another's Return (i.e., full-time student)	May not claim self	May claim self
24. Child's Income Reported by Parent	Permitted; taxed at parent's rate	Not permitted
25. National Tobacco Settlement Income	Not determined	Exempt

### Court Case Updates

**Local Taxation**—In *Inland Container Corporation v. Mason County Board of Education*, 98-SC-0349 and 98-SC-0531, the taxpayer sought a refund or credit from the Mason County Board of Education of a local school utility tax authorized by KRS 160.613. The taxpayer's request was based upon subsection 1 of KRS 160.613, which provides that taxable gross receipts "shall not include amounts received for furnishing energy or energy-producing fuels, used in the course of manufacturing, processing, mining, or refining to the extent that the cost of the energy or energy-producing fuels used exceeds three percent (3%) of the cost of production." The taxpayer contended that it paid local utility tax in excess of this 3 percent cap.

The Kentucky Supreme Court held that the taxpayer was entitled to a refund of its overpayment of local utility taxes under common law principles. The taxpayer's payment of the tax was involuntary, as there were mandatory penalties for failure to make utility tax payments in a timely manner. Moreover, the Mason County Board of Education regulation governing the tax was invalid in that it denied the 3 percent cap to taxpayers without an energy direct pay authorization from KRC, notwithstanding their entitlement to the cap regardless of their eligibility for the energy direct pay authorization. The regulation was therefore deficient in not allowing a refund of excess tax paid prior to the time a taxpayer became eligible to obtain the energy direct pay authorization.

In this case, the board of education had also filed a cross claim against KRC seeking indemnification for the refund sought by the taxpayer. The Supreme Court held that KRC had only provided truthful information

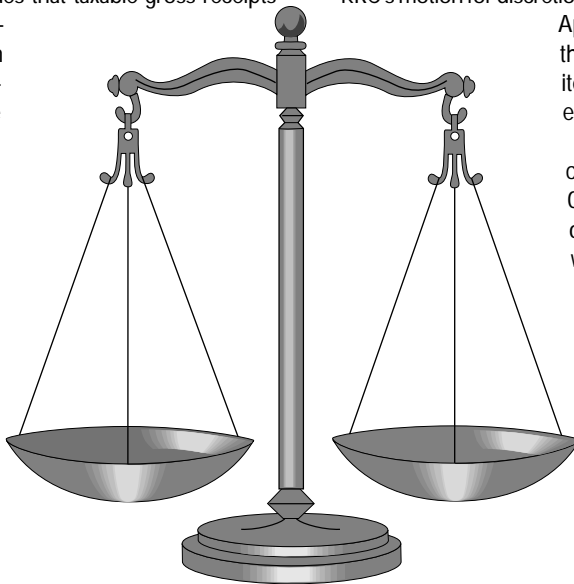
concerning the energy direct pay authorization and this was "hardly the type of behavior which would result in civil liability."

**Sales and Use Tax**—In *Revenue Cabinet v. Hubbard d/b/a Stone Age Dental Laboratory*, 99-SC-000171, the Kentucky Supreme Court granted KRC's motion for discretionary review of the opinion of the Kentucky Court of Appeals. In that opinion, the Court of Appeals held that a dental laboratory's sales to a dentist of such items as dentures, crowns, inlays, and bridges were exempt under KRS 139.472 as prosthetic devices.

The Supreme Court also granted the taxpayer's cross motion for discretionary review (99-SC-000992) relating to the portion of the Court of Appeals' opinion holding that one of the taxpayer's refund claims was barred as untimely under KRS 134.580.

In *Camera Center, Inc. d/b/a Murphy's Camera v. Revenue Cabinet*, 99-SC-00283, the Kentucky Supreme Court granted the taxpayer's motion for discretionary review of a Court of Appeals opinion holding that the taxpayer's purchases of machinery for use in its photo processing operation did not qualify for the exemption for machinery for new and expanded industry. This machinery, the Court of Appeals held, was used in locations that were predominantly retail in character and not plant facilities; therefore, the *plant facilities* requirement of the exemption was not met.

In *Revenue Cabinet v. Lazarus, Inc.*, 1998-CA-002856, the Court of Appeals held that the taxpayers' distribution of preprinted newspaper advertising inserts via delivery by Kentucky newspapers and the taxpayers' distribution of catalogs to Kentucky residents via mail were not subject to use tax under KRS 139.310. KRC has filed a motion for discretionary review of the Court of Appeals' opinion with the Kentucky Supreme Court.



### Taxpayers Reminded to File Property Tax Returns

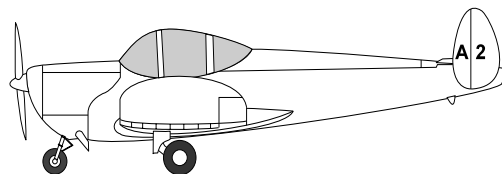
Kentucky residents are reminded to report their personal property for taxation by May 15, 2000. The Intangible Personal Property Tax Return, Form 62A376, and the Tangible Personal Property Tax Return, Form 62A500, must be filed with either the property valuation administrator (PVA) of the county of taxable situs, or KRC's Department of Property Valuation in Frankfort.

Items that should be listed on the intangible tax return include: bonds, notes, mortgages, land contracts, accounts receivable, life insurance contracts, and similar items. Extensions may be granted for individuals filing intangible returns until the federal income tax filing date approved by the Internal Revenue Service.

Tangible personal property includes, but is not limited to, business furnishings and equipment, watercraft, aircraft, manufacturing machinery, inventories, materials and supplies, and construction and mining equipment.

The intangible property tax return is included in the corporation and individual income tax packets, in Package K, or may be obtained from KRC or any PVA's office. The tangible personal property tax return is too large to be included with the individual income tax packets. However, it is also available in Package K or from KRC or any PVA's office. Forms may also be downloaded from KRC's Online Taxpayer Service Center at <http://www.state.ky.us/agencies/revenue>.

For more information regarding the filing of personal property tax returns, contact the Division of State Valuation at (502) 564-2557.



## 1999 Kentucky Tax Alert Index—Volume 18

**Educational Programs**

Income Tax Seminars Scheduled in December .....	November
KRC, IRS Sponsor Electronic Filing Seminars .....	September
Louis A. Grief Tax Institute Scheduled .....	September
University of Kentucky Schedules Income Tax Seminars .....	September

**Electronic Commerce**

Electronic Commerce Notes of Interest .....	November
Guidelines for Electronic Filing of Wage and Tax Information .....	November
KRC Participates in Pilot TeleFile Project .....	January
Participation in TeleFile Pilot Project Quadruples Initial Estimate .....	May
Taxpayers Can Speed Refunds by Using Electronic Filing .....	March

**Inheritance and Estate Tax**

District Judges Asked to Accept Affidavit of Exemption for Inheritance Taxes .....	July
--	------

**Individual Income Tax**

KRC Offers Electronic Filing of 1998 Individual Income Tax Returns ....	January
Tips for Filing 1998 Individual Income Tax Returns .....	January
Changes in Availability of ARTIS Information .....	January
Withholding Computer Formula Method .....	January
Standard Deduction, Pension Exclusion Increase for 1998 Tax Year ...	January
New Filing Requirements for Form K-3 and Wage Statements .....	January
1998 Federal/Kentucky Individual Income Tax Differences .....	January
Common Errors on Individual Income Tax Returns .....	March
Employers Urged to Release Forms W-2/K-2 Early .....	November
Extensions to File Kentucky Individual Income Tax Returns .....	May
Filing Extension Granted for Troops Serving in Kosovo Conflict .....	May
Garnishment of Individual Income Tax Refunds .....	May
Guidelines for Requesting Extensions to File 1998 Kentucky Individual Income Tax Returns and Submitting 1999 Estimated Payments .....	March
Kentucky Tax Treatment of Roth IRA Conversions .....	January
Pointers for Filing Amended Kentucky Individual Income Tax Returns ...	March
Refund Offsets and Checkoff Programs for 1998 Individual Income Tax Returns .....	September
Standard Deduction, Pension Exclusion Increase for 1999 Tax Year .....	November

**Legal Cases**

<i>Alvin and Sandra Kolak v. Revenue Cabinet</i> .....	July
<i>Bault's Langley Auto Center, Inc. v. Revenue Cabinet</i> .....	January, May
<i>Camera Center, Inc. d/b/a Murphy's Camera and Video v. Revenue Cabinet</i> .....	May
<i>Carrs Fork Corporation v. Revenue Cabinet</i> .....	May
<i>Children's Psychiatric Hospital et al v. Revenue Cabinet</i> .....	January, May
<i>Commonwealth v. Bird</i> .....	March, May, November
<i>Gordon E. Smith v. Revenue Cabinet</i> .....	September
<i>H.E. and Lucy O'Daniel v. Revenue Cabinet</i> .....	May
<i>Kentucky River Corporation v. Revenue Cabinet</i> .....	May
<i>Kentucky-American Water Company v. Revenue Cabinet</i> .....	May
<i>LWD, Inc. and LWD Equipment, Inc. v. Revenue Cabinet</i> .....	July
<i>LWD, Inc. v. Revenue Cabinet</i> .....	January
<i>Mississippi Mining, Inc. v. Revenue Cabinet</i> .....	May
<i>Popplewell's Alligator Dock No. 1 v. Revenue Cabinet</i> .....	January, September
<i>Procter and Gamble Distributing Company v. Revenue Cabinet</i> .....	January
<i>Revenue Cabinet v. Hubbard d/b/a Stone Age Dental Laboratory</i> .....	January
<i>Revenue Cabinet v. Humana</i> .....	November
<i>Revenue Cabinet v. Kentucky-American Water Company</i> .....	November
<i>Revenue Cabinet v. Owens Chevrolet, Inc., et al</i> .....	May
<i>Yeoman v. Commonwealth of Kentucky, Health Policy Board, et al</i> .....	January

**Legislative Issues**

Corporation License Tax Regulation Delayed .....	July
--	------

**Miscellaneous**

Corporate Annual Reports Due in Secretary of State's Office .....	July
Estimated Tax Payment Deadlines .....	November
Filing Requirements for Qualified Subchapter S Subsidiaries .....	September
Income Reporting Requirements for Limited Liability Companies .....	July
Procedures for Requesting Letters of Good Standing .....	September
Tax Calendar 1999 .....	January
Taxable Status of Funds Received from National Tobacco Settlement .....	November

**Property Tax**

Homestead Exemption Increases to \$25,400 .....	January
Taxpayers Reminded to File Property Tax Returns .....	January

**Publications and Forms**

1998 <i>Kentucky Tax Alert</i> Index—Volume 17 .....	January
Kentucky Income Tax Forms Packet Has New Look .....	January
Kentucky Income Tax Forms Requisition .....	September
KRC Accepts Faxed Copies of Form 10A100 .....	July
KRC Again Using Bar-Coded Labels on Individual Income Tax Returns .....	November
KRC Revises Tax Returns for Use With Scanning and Imaging System ....	May
KRC Stresses Importance of Using Approved 1999 Tax Forms ....	November
KRC Tax Forms Available from <i>TaxFax</i> , Internet .....	January
New Publications Available on KRC's Web Site .....	May
State-Issued Checks Have New Look .....	September

**Revenue Cabinet**

Four Taxpayer Service Centers in New Area Code 270 .....	November
Four Taxpayer Service Centers Placed in New 270 Area Code .....	May
Good Friday Office Closure .....	March
Kentucky to Host SEATA Conference in July .....	May
KRC Awards \$243,597 for Technology Projects .....	September
KRC Begins Use of Scanning and Imaging System .....	November
KRC Management Appointments .....	May
KRC Offices Closed for Holidays .....	January
KRC Offices Closed for Veterans Day .....	September
KRC Offices Closed Sept. 6 for Labor Day .....	July
KRC Participates in Utility Tax Policy Task Force .....	March
KRC Prepared for Y2K .....	May
KRC Secretary Sarah Jane Schaaf Named to FTA Board .....	July
New PVAs Appointed .....	May
Pikeville Taxpayer Service Center Relocates .....	November
Scanning and Imaging System Scheduled to Go Online in September .....	July
Scanning and Imaging System Will Bring Major Changes to Tax Processing .....	March
SEATA Conference Details .....	May
Several KRC Offices Relocate .....	May

**Sales and Use Tax**

Internet Taxation Issues Clarified .....	May
--	-----

**Tax Rates**

1999 Tax Interest Rate Set .....	January
PSC Rate Set for Fiscal Year 1999-2000 .....	July
State Real Property Tax Rate Set .....	July

**Taxpayer Service**

KRC Announces Filing Days at Taxpayer Service Centers .....	January
KRC Offers Extended Hours for Individual Income Tax Assistance .....	March
New Taxpayer Service Programs Are Successful .....	July
Registration for Corporation Numbers Now Available at KRC's Taxpayer Service Centers .....	November
Tax Refund Information Available by Phone .....	March
Taxpayers Should Inform KRC of Address Changes .....	September

### KRC, IRS Plan Joint Saturday Taxpayer Assistance Day in Louisville

On Saturday, Feb. 19, 2000, KRC and the Internal Revenue Service will sponsor a joint individual income tax filing assistance day in Louisville. Assistance will be available at Bashford Manor Mall, 3600 Bardstown Road, from 10 a.m. until 2 p.m. Electronic filing of 1999 individual income tax returns will also be available at this location.



**Kentucky Tax Alert** is a bimonthly publication printed on recycled paper, the costs of which are paid from state funds.

Comments, suggestions and mailing list additions or corrections should be addressed to the Public Information and Communication Services Branch, Revenue Cabinet, Station 14, Frankfort, Kentucky 40620, (502) 564-4592.

Editors ..... Sarah S. Gilkison  
 Betty R. Sanford  
 Writer ..... H.B. Elkins  
 Production ..... Alice A. Bryant  
 Betty R. Sanford  
 Mailing List ..... Ladonna C. Ware

Paul E. Patton, Governor  
 Mike Haydon, Secretary

*The Kentucky Revenue Cabinet does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services.*

KRC can be found on the World Wide Web at <http://www.state.ky.us/agencies/revenue/revhome.htm>

To provide courteous, accurate and efficient services for the benefit of Kentucky and its citizens, and administer the tax laws of the Commonwealth in a fair and impartial manner.

**Kentucky Revenue Cabinet  
 Mission Statement**

COMMONWEALTH OF KENTUCKY  
 REVENUE CABINET  
 FRANKFORT, KENTUCKY 40620

BULK RATE  
 U.S. POSTAGE  
**PAID**  
 Permit No. 164  
 Frankfort, Ky.